

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7019

BILL NUMBER: SB 421

DATE PREPARED: Jan 6, 2002

BILL AMENDED:

SUBJECT: Regulation of Preschools.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies requirements for licensure of preschools. The bill requires the Division of Family and Children to administer the licensure of preschools.

Effective Date: July 1, 2002.

Explanation of State Expenditures: The state currently requires licensure for certain child care facilities, but does not require licensure for preschools. This bill will require the Family and Social Services Administration (FSSA) to develop and administer a licensure program for preschools.

This license will be very similar to the child care center license. However, FSSA will need to promulgate rules for preschool licensure and hire new staff - both administrative as well as inspection staff, to implement this new requirement. The FSSA can absorb the rulemaking costs given their current budget and resources. However, the new program will require additional staff and resources.

The FSSA currently administers the licensure program for day care centers. The administration cost of this program is about \$300 per licensed center. There are 8 field staff involved in the licensure and review process for 671 licensed child care centers. It is assumed that the preschool licensure program will have comparable program administration costs.

The FSSA will require approximately \$300 per licensed preschool to administer this program. Total program cost depends upon the number of preschools that seek licensure. The cost is estimated to range between \$159,000 (using Marion County data as a reference) and \$276,000 (assuming an average of 10 preschools per county).

Background: The number of preschools in Indiana is unknown. There are not currently any statewide preschool regulations, thus no one agency tracks the number of preschool facilities in the state. However,

some counties currently have their own preschool licensure requirements.

Marion County Department of Health (MCDH) administers a county preschool licensure program. There are currently between 74 and 76 licensed preschools in Marion County. Five MCDH staff review preschools on a part-time basis. MCDH charges a \$25-per-year license fee for preschools. In addition, any preschool found out of compliance with licensure requirements are subject to an additional \$50 reinspection fee.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Amy Brown, Legislative Director, Family and Social Services Administration, (317)232-1149; Joe Kitterman, Marion County Health Department, (317) 221-2276; 2000 Census County Populations.